



# House of Representatives

**File No. 648**

General Assembly

February Session, 2014

**(Reprint of File No. 347)**

Substitute House Bill No. 5410  
As Amended by House Amendment  
Schedule "A"

Approved by the Legislative Commissioner  
April 21, 2014

## ***AN ACT CONCERNING LOST AND UNACCOUNTED FOR GAS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1       Section 1. (NEW) (*Effective from passage*) (a) Not later than July 1,  
2       2015, and annually thereafter, the Public Utilities Regulatory Authority  
3       shall submit a report, in accordance with the provisions of section 11-  
4       4a of the general statutes, to the joint standing committee of the  
5       General Assembly having cognizance of matters relating to energy.  
6       Such report shall include (1) a description of the reasons for each gas  
7       company's percentage of lost and unaccounted for gas, (2)  
8       recommendations for each gas company's gas leak reduction strategy,  
9       (3) a description of each gas company's current gas leak monitoring  
10      system program, and (4) the number of leaks and causes of such leaks  
11      throughout the entire gas distribution system in the state and any  
12      other information the authority determines to be relevant.
- 13      (b) The authority shall initiate a docket to investigate the lost and  
14      unaccounted for gas of a gas company if the percentage of lost and  
15      unaccounted for gas of such gas company in any calendar year exceeds

16 a total of three per cent. In such docket, a gas company shall report (1)  
17 leak detection and monitoring procedures, (2) emissions reduction  
18 strategies in addition to leak repair, and (3) any additional  
19 requirements the authority determines to be relevant. In such docket,  
20 the authority shall establish a cost mechanism to comply with long-  
21 term emissions reductions required by section 22a-200a of the general  
22 statutes and to incentivize a gas company to (A) reduce lost and  
23 unaccounted for gas, including the number of leaks throughout the  
24 entire gas distribution system in the state, (B) replace aging  
25 infrastructure, and (C) comply with any additional requirements the  
26 authority determines to be relevant. Such cost mechanism may be  
27 incorporated in the purchased gas adjustment clause pursuant to  
28 section 16-19b of the general statutes.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>from passage</i>	New section
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The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill requires the Public Utilities Regulatory Authority (PURA) to submit a report to the Energy and Technology Committee on certain lost and unaccounted for gas. The bill also requires PURA to initiate a docket to investigate the lost and unaccounted for gas of a gas company. These provisions have no fiscal impact.

House "A" struck the underlying bill and results in the above identified fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sHB 5410 (as amended by House "A")\******AN ACT CONCERNING LOST AND UNACCOUNTED FOR GAS.*****SUMMARY:**

This bill requires the Public Utilities Regulatory Authority (PURA) to (1) submit an annual report to the Energy Committee on the gas companies' lost and unaccounted for (LUAF) gas, (2) investigate a gas company if its LUAF gas exceeds 3% in any calendar year, and (3) establish a cost mechanism to encourage such a company to reduce its LUAF gas. In general, LUAF gas is the difference between the amount of gas that enters a gas company's distribution system and the amount actually delivered to the company's customers or used for other purposes the company knows about.

\*House Amendment "A" replaces the original bill (File 347), which allowed PURA to investigate a gas company's LUAF gas and establish a cost mechanism to encourage it to reduce its LUAF gas.

EFFECTIVE DATE: Upon passage

**PURA REPORT**

The bill requires PURA, by July 1, 2015 and annually thereafter, to submit a report to the Energy and Technology Committee that includes:

1. the reasons for each gas company's percentage of LUAF gas,
2. recommendations for each company's gas leak reduction strategy,
3. a description of each company's gas leak monitoring system,

4. the number of leaks and their causes throughout the state's entire gas distribution system, and
5. any other information PURA deems relevant.

### **INVESTIGATION AND COST MECHANISM**

Under the bill, PURA must initiate a proceeding to investigate any gas company whose LUAF gas totals more than 3% (presumably of the total gas that entered the company's distribution system) in any calendar year. In the proceeding, the company must report its (1) leak detection and monitoring procedures, (2) emissions reduction strategies in addition to leak repair, and (3) any additional requirements PURA deems relevant.

In the proceeding, PURA must establish a cost mechanism to comply with the long-term greenhouse gas emission reductions required by law. The cost mechanism must also encourage a gas company to (1) reduce LUAF gas, including the number of leaks throughout the state's entire gas distribution system; (2) replace aging infrastructure, and (3) comply with any additional requirements PURA deems relevant. This cost mechanism can be incorporated in the company's purchased gas adjustment clause, which adjusts the company's rates between general rate cases to account for changes in the cost of purchased gas.

### **BACKGROUND**

#### ***Greenhouse Gas Emission Reductions***

By law, the state must reduce the level of greenhouse gas emissions to at least 10% below their 1990 levels by 2020, and 80% below their 2001 levels by 2050, as determined by the Department of Energy and Environmental Protection (CGS § 22a-200a).

### **COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 23 Nay 0 (03/18/2014)